

Senate Study Bill 1202

SENATE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON McKIBBEN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the issuance of tax credit certificates and
2 related tax credits to designated investors in the Iowa fund
3 of funds.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 3484SC 80
6 tm/pj/5

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1 1 Section 1. Section 15E.66, Code 2003, is amended by adding
1 2 the following new subsection:
1 3 NEW SUBSECTION. 8. In determining whether to issue tax
1 4 credit certificates and related tax credits with respect to a
1 5 particular investment in the Iowa fund of funds, the board
1 6 shall consider the terms of the investment and the terms of
1 7 the proposed tax credit certificate and shall assess the level
1 8 of risk that the tax credits will be redeemed and the
1 9 likelihood that the investment will result in returns in
1 10 excess of amounts payable to designated investors which may be
1 11 reinvested in the Iowa fund of funds revolving fund as
1 12 provided in section 15E.65, subsection 2, paragraph "a". In
1 13 making this determination, the board shall compare how
1 14 alternative investment structures would affect the level of
1 15 risk that the tax credits will be redeemed and the likelihood
1 16 that the investment will cause excess returns to be generated
1 17 in the Iowa fund of funds for reinvestment in the revolving
1 18 fund. The board may issue tax credit certificates and related
1 19 tax credits with respect to a particular investment in the
1 20 Iowa fund of funds if it determines that the Iowa capital
1 21 investment corporation has taken appropriate measures to
1 22 minimize the risk that the tax credits will be redeemed and
1 23 maximize the amount available to be reinvested in the Iowa
1 24 fund of funds revolving fund. The board shall not be
1 25 obligated to issue tax credit certificates and related tax
1 26 credits, but may do so consistent with the provisions of this
1 27 subsection.

EXPLANATION

1 28
1 29 This bill relates to the issuance of tax credit
1 30 certificates and related tax credits to designated investors
1 31 in the Iowa fund of funds.
1 32 The bill provides criteria for the Iowa capital investment
1 33 board to consider in determining whether to issue tax credit
1 34 certificates and related tax credits. The bill provides that
1 35 the board shall consider the terms of the investment and the
2 1 terms of the proposed tax credit certificate and shall assess
2 2 the level of risk that the tax credits will be redeemed and
2 3 the likelihood that the investment will result in returns in
2 4 excess of amounts payable to designated investors which may be
2 5 reinvested in the Iowa fund of funds revolving fund. The bill
2 6 requires the board to compare how alternative investment
2 7 structures would affect the level of risk that the tax credits
2 8 will be redeemed and the likelihood that the investment will
2 9 cause excess returns to be generated in the Iowa fund of funds
2 10 for reinvestment in the revolving fund. The bill allows the
2 11 board to issue tax credit certificates and related tax credits
2 12 if it determines that the Iowa capital investment corporation
2 13 has taken appropriate measures to minimize the risk that the
2 14 tax credits will be redeemed and maximize the amount available
2 15 to be reinvested in the Iowa fund of funds revolving fund.
2 16 The bill provides that the board shall not be obligated to
2 17 issue tax credit certificates and related tax credits, but may
2 18 do so consistent with the provisions of this bill.
2 19 LSB 3484SC 80
2 20 tm/pj/5